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Report Highlights:

The United States exported \$41.55 million worth of fish and seafood products to Mexico in calendar year (CY) 2008. The global financial crisis has hurt U.S. exports of fish and seafood to Mexico during the first 9 months of 2009 (down 30 percent compared to the same period in 2008). Nevertheless, market analysts see potential growth in this sector (with more investments in marketing campaigns and education) as Mexican consumers continue to demand more health foods and become more aware of the positive health attributes of eating fish and seafood.

General Information:

SECTION I. MARKET OVERVIEW

The global financial crisis has hurt U.S. exports of fish and seafood to Mexico during the first 9 months of 2009 (down 30 percent compared to the same period in 2008). Nevertheless, market analysts see potential growth in this sector (with more investments in marketing campaigns and education) as Mexican consumers continue to demand more health foods and become more aware of the positive health attributes of eating fish/seafood.

In CY 2008, Mexico was the fourteenth largest market for U.S. fish and seafood with Japan, Canada, China, South Korea, Germany and France taking the top spots. Even though U.S. exports of these products to the world declined in CY 2008 in comparison to the previous year, U.S. exports to Mexico actually increased 11.57 percent from \$37.2 million in 2007 to \$41.55 million in 2008.

Traditional species such as grouper, snapper, dogfish and shrimp are among the most popular fish and seafood products on the market. Frozen products are sold primarily in supermarket outlets either through freezer cases or as "fresh/frozen" fare that has been defrosted. There is also a growing market for frozen, ready-to-eat items as more and more women enter the workforce.

Most seafood in the Mexican market is sold through supermarket stores and chains as well as small fish market outlets. There are many small fish market outlets doing business in the main metropolitan areas and small towns also tend to have at least one or two such outlets that cater to housewives as well as to restaurants by supplying special cuts. Virtually all supermarket chains have seafood counters where frozen and fresh products are displayed.

Table 1. Mexico: Total U.S. Exports of Fish and Seafood, in Million USD

	Jan-Dec 2006	Jan-Dec 2007	Jan-Dec 2008
World	3,841.12	3,869.10	3,803.43
Japan	928.93	779.79	766.59
Canada	710.85	747.45	759.11
China	439.46	527.09	547.28
South Korea	404.88	351.01	271.21
Germany	260.69	234.66	232.13
France	141.14	150.32	155.36
Netherlands	155.21	141.84	154.92
Spain	92.00	136.34	122.97
Italy	63.09	79.90	76.05
Portugal	57.76	63.33	67.75

Ukraine	42.73	66.28	53.53
Hong Kong	49.56	49.84	47.39
Thailand	30.35	64.63	42.60
Mexico	43.28	37.24	41.55

Source: World Trade Atlas

Table 2. Mexico: Total U.S. Exports of Crustaceans, in Million USD

	Jan-Dec 2006	Jan-Dec 2007	Jan-Dec 2008
World	587.52	585.76	602.03
Canada	256.92	240.84	209.31
Japan	71.87	53.58	74.55
Spain	51.26	65.79	67.25
Italy	53.46	63.02	64.67
China	33.45	21.05	42.50
France	29.98	48.21	41.48
Mexico	6.29	10.59	14.67

Source: World Trade Atlas

Table 3. Mexico: Current Advantages & Challenges to U.S. Fish and Seafood Exports

Advantages	Challenges
NAFTA implementation has maintained import duties at zero.	Fish and seafood are susceptible to variations in price, many times, they can be even more expensive than other proteins, such as beef.
The United States is the third largest supplier of fish and seafood to Mexico. With a 13% share of its final imports in CY 2008, and an increase of 48% in comparison to CY 2007.	Imports from China and Vietnam offer very competitive pricing. In CY 2008, fish and seafood from China reached 21% of the total imports from Mexico and Vietnam reached a 14%, positioning them as the first and second largest suppliers of fish and seafood to Mexico.
During CY 2008, consumption of fish and seafood was maintained, primarily due to government campaigns concerned about Mexicans' growing overweight population.	The amount of meat consumed per capita by Mexicans during CY 2008 totaled 46 kilos. However, fish and seafood consumption per capita was less than half of the amount of meat, totaling 18 kilos during the same period.

SECTION II. MARKET SECTOR OPPORTUNITIES AND THREATS

According to the World Bank, Mexico has a free market economy which contains a mixture of modern

and old-fashioned industry and agriculture increasingly dominated by the private sector. Recent administrations have expanded competition in seaports, railroads, telecommunications, electricity generation, natural gas distribution, and airports. As an export-oriented economy, more than 90 percent of Mexican trade falls under free trade agreements with more than 40 countries including NAFTA with Canada and the United States. Mexico is the second largest national economy in Latin America. The Mexican Gross Domestic Product is worth \$1.09 billion USD or 1.75 percent of the world economy.

According to The Economist magazine, indicators of consumer and business confidence in Mexico, although severely depressed, have shown the first signs of recovery suggesting that the worst of the contraction in real GDP is over. Consumer confidence continued to decline in 2009 compared to last year earlier but the pace of deterioration slowed in June to 10.7 percent, from 16-17 percent in April-May and levels of 20-25 percent in the first quarter of 2009.

The Mexican government has been quick to claim evidence of an imminent economic recovery due to its policy of monetary and fiscal stimulus and a slowdown in the pace of economic contraction in the United States. Reflecting this sentiment, Mexican Finance Minister Agustin Carstens announced in July 2009 that although the government expects real GDP to decline by 5.5 percent in 2009, the economy is on a solid footing to experience a reasonably strong recovery in 2010, expanding 3 percent.

According to Euromonitor International, the most recent national survey on Mexican households' income and expenses (published in 2007), disclosed that fish consumption in Mexican homes accounted for less than 2 percent of the total household expenditure on food and drink, compared with 17 percent for the consumption of meat. Customarily, Mexican cuisine concentrates more on meat than on fish or seafood. It is important to note, however, that fish and seafood is consumed by practically all sectors of the Mexican population although rural inhabitants consume less fish and seafood than urban inhabitants.

The Mexican market of fish and seafood targets the final consumer through wholesale fish markets, supermarkets and at traditional markets for fresh produce that handle fish and seafood as well as they are famous for the freshness and wide variety of seafood and fish. Nevertheless, more families are looking for practical sales channels that offer chilled fish and seafood.

La Nueva Vega, which is the biggest wholesale market in Mexico City, is comprised of around 200 warehouses that buy and distribute fish and seafood serving mostly the central to southern part of Mexico. In recent years, more and more products from La Nueva Vega is being sent to northern parts of Mexico as well.

SECTION III. COSTS AND PRICES

Several marketing campaigns highlighting the health attributes of consuming fish and seafood have taken place in Mexico during the last couple of years. As a result, more Mexican consumers view fish and seafood as health foods and healthier than meat and poultry. Nevertheless, market analysts have stated that more is needed to get Mexicans to consume more fish and seafood including more educational and marketing campaigns. The only times of the year that meat is substituted with fish and seafood is during important religious holidays such as Easter. Consumption of cephalopods (squid and octopus) and mollusks increase around Easter but tend to drop shortly afterwards as Mexicans return to consuming more meat and poultry once again.

Mexico's low socio-economic households purchase very cheap popular fish species such as jack mackerel and Lisa are on average \$1.11 per kg (15 pesos per kg); sierra, tilapia and trout are around \$2.59 per kg (35 pesos per kg), compared with higher quality fish varieties such as bass or red snapper that typically sell for \$7.40 per kg (100 pesos per kg).

SECTION IV. MARKET ACCESS

The basic Mexican import document required is called the "Pedimento de Importacion" (customs entry document), which must be presented to Mexican Customs along with the commercial invoice in Spanish and a bill of lading. Products qualifying as "North American" must be accompanied by the NAFTA certificate of origin to receive preferential treatment. This is issued by the exporter and does not have to be validated or formalized.

Mexican customs laws are very strict regarding proper submission and preparation of customs documentation. Errors in paperwork can result in fines and even confiscation of merchandise as contraband. Exporters are advised to employ competent, reputable Mexican importers or custom brokers.

At a minimum, a label must be affixed to each package of the imported product prior to entering the country. All the information on the label must be in Spanish and must include at least the following mandatory commercial information: [1]

- Commercial/brand name

ct name

- Producer's name and address

- Exporter's name and address

- Country of origin (i.e., Product from/de EE.UU.)

- Importer's name, address and RFC number (taxation number)
- Product description in Spanish
- Product description in English
- Preparation and handling instructions
- Date of expiration
- Ingredients
- Special warnings*

*Effective January 7, 2004, all labels with special information must be translated by specialized translators authorized by the Secretariat of Health for such purposes. A list of these translators may be obtained through the Federal Commission for the Protection against Sanitary Risk (COFEPRIS) website at <http://www.cofepris.gob.mx/wb/cfp/ingles>. The translator must receive the original label (not translated) including the product's contents list and its formula. Based on this, the translated label will be amended based on the COFEPRIS' definition if the product is (or isn't) a food supplement.

Sanitary Information

Under NAFTA, Mexican imports of seafood do not require any special import permits. However, fish and seafood products exported to Mexico do require a sanitary certificate issued from the Sanitary Qualification Office of the Mexican Health Ministry. There are four mandatory product standards, or "Norma Oficial Mexicana" (NOMs) which apply to seafood (27, 28, 30, 32 and 129-summary) and they specify the sanitation requirements for each type of seafood. Imported products must obtain NOM certification to receive the sanitary certificate. This Certificate is secured after presenting a sanitary statement (Constancia Sanitaria) from the exporting country's respective sanitary authorities, or an FDA-certified laboratory declaring that the products identified by production lot are safe and fit for human consumption; indicating their physical-chemical analysis; microbiological analysis; and if applicable, specific analysis; country of origin and expiration date. If this sanitary statement is not available, then it is necessary to present the above mentioned documents individually plus the following: certificate of origin and a certificate stating that those items are sold freely in the country of origin.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

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[1] **1** For a detailed study of Mexican Regulations for Exporting/Border Crossing, Import Requirements and additional information on labeling NOMS, see following Gain Reports MX8313 Mexico Exporter Guide, MX8314 FAIRS Report and MX1223 Labeling Regulations at <http://www.fas.usda.gov/scripts/attacherep/default.asp>